

Message Text

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11

ACTION EB-11

INFO OCT-01 EUR-25 IO-13 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 DOTE-00

RSR-01 /180 W

----- 073508

R 130800Z JUL 73

FM AMEMBASSY DUBLIN

TO SECSTATE WASHDC 4826

INFO AMEMBASSY LONDON

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, GATT, EIS

SUBJ: IRISH RESTRICTIONS ON AUTOMOBILE IMPORTS

REF: STATE 121547 AND 95089; DUBLIN 658 AND 604

1. AFTER REPEATED TELEPHONE CALLS FROM EMBASSY, GOI
FONAFF JULY 5 SUBMITTED NOTE RESPONDING TO OUR MAY 21
REPRESENTATIONS RE IRISH REFUSAL REGISTER NON-ASSEMBLER
AS IMPORT OF US MADE VEHICLES. TEXT OF NOTE AS
FOLLOWS:

"DEPT OF FONAFFS PRESENTS ITS COMPLIMENTS TO THE
AMERICAN EMBASSY NAD HAS THE HONOR TO REFER FURTHER TO THE
EMBASSY'S AIDE-MEMOIRE OF 21 MAY 1973 CONCERNING THE
REGISTRATION OF MR. JOCELYN YATES UNDER THE MOTOR
VEHICLES (REGISTRATION IF IMPORTERS) ACT, 1968.

"THE ARRANGEMENTS FOR THE MOTOR VEHICLE ASSEMBLY

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INDUSTRY AS EMBOIDED IN THE 168 ACT WERE NOTIFIED TO

THE GATT IN THE SECOND ANNUAL REPORT ON THE UK/IRELAND FREE TRADE AREA AGREEMENT. IN APRIL 1970 AT A MEETING OF THE GATT JOINT WORKING GROUP ON IMPORT RESTRICTIONS A NOTIFICATION OF A RESTRICTION APPLIED BY IRELAND ON THE IMPORTATION OF MOTOR CARS WAS SUBMITTED. THE IRISH DELEGATION STATED ON THAT OCCASION THAT THE IRISH GOVT DOES NOT HAVE A QUANTITATIVE RESTRICTIONS ON THE IMPORT OF MOTOR VEHICLES AND THAT THE MATTER WAS NOT APPROPRIATE TO THE WORK OF THE GROUP.

"IN REGARD TO REGISTRATION, THE MOTOR VEHICLES (REGISTRATION OF IMPORTERS) ACT, 1968, PROVIDES THAT ONLY PERSONS WHO WERE ASSEMBLERS OR IMPORTERS BEFORE THE PASSING OF THE ACT, OR WHO BECAME ASSEMBLERS AFTERWARDS, MAY BE REGISTERED AS IMPORTERS OF FULLY BUILT-UP VEHICLES. AS MR. YATES DOES NOT APPEAR TO SATISFY ANY OF THE STATUTORY CONDITIONS FOR EGISTRATION, THERE IS NO WAY IN WHICH HE CAN BE REGISTERED UNDER THE ACT AS AN IMPORTER."

2. SUBSEQUENT TO SENDING NOTE AND AFTER FURTHER CONVERSATION ON ISSUE, BRIAN O CEALLAIGH, COUNSELOR OF EC/GATT SECTION SENT ECON/COMMOFF LETTER ENDORSING STATEMENT MADE BY IRISH DELEGATION AT ABOVE MENTIONED APRIL 10, 1970 MEETING OF GATT JOINT WORKING GROUP ON IMPORT RESTRICTIONS (RE MOTOR VEHICLES). FOLLOWING IS TEXT OF STATEMENT:

"THE GOI DOES NOT HAVE A QUANTITATIVE RESTRICTION ON THIS ITEM. IT IS POSSIBLE THAT THE COMMUNITY WHICH, I UNDERSTAND, MADE THIS NOTIFICATION IS REFERRING TO THE ARRANGEMENTS WHICH ARE SET OUT IN PARAGRAPH 8 OF DOCUMENT I/3III DATED 12TH NOV, 1968 WHICH IS THE SECOND ANNUAL REPORT TO THE GATT ON THE UK-IRELAND FREE TRADE AREA AGREEMENT.

"THIS STATES THAT ARRANGEMENTS TO SAFEGUARD THE MOTOR VEHICLE ASSEMBLY INDUSTRY IN IRELAND, WERE MADE BY THE IRISH GOVT IN AGREEMENT WITH BRITISH MANUFACTURERS AND IRISH ASSEMBLERS OF MOTOR VEHICLES, WITH THE LIMITED OFFICIAL USE

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APPROVAL OF THE BRITISH GOVT. THE ARRANGEMENTS INVOLVED A MINOR DEPARTURE FROM THE PROVISIONS OF THE FTAA IN THAT ASSEMBLED MOTOR VEHICLES MAY, IN GENERAL, BE IMPORTED ONLY BY IMPORTERS-ASSEMBLERS WHO UNDERTAKE TO MAINTAIN THEIR SCALE OF ASSEMBLY. UNDER THESE ARRANGEMENTS ASSEMBLED VEHICLES OF BRITISH ORIGIN SO IMPORTED ARE ADMITTED AT SPECIALLY REDUCED RATES OF DUTY AND WITHOUT ANY RESTRICTION AS TO NUMBER. CORRESPONDING

ARRANGEMENTS WERE MADE IN THE CASE OF VEHICLES OF NON-AREA ORIGIN SUBJECT, IN THE CASE OF PRIVATE MOTOR CARS, TO A DUTY PREFERENCE BEING MAINTAINED FOR VEHICLES OF AREA ORIGIN WHICH IS MARGINALLY HIGHER THAN THE MINIMUM PREFERENCE ON SUCH VEHICLES PROVIDED FOR IN THE FREE AREA AGREEMENT. TO FACILITATE THESE MARKETING ARRANGEMENTS CHANNELS OF TRADE ARE REGULATED BY REGISTRATION.

"I THINK IT WILL BE CLEAR THAT THIS ITEM IS NOT APPROPRIATE TO WORK OF THIS GROUP."

3. IN CONVERSATIONS BOTH BEFORE AND AFTER DELIVERY OF NOTE, FONAFF OFFICIALS HAVE REPEATEDLY STATED THAT IRISH VIEW THEIR ASSEMBLY/IMPORT ARRANGEMENT AS OF PARTICULAR BENEFIT TO U.S. AUTOMOBILE COMPANIES WHICH ASSEMBLE EUROPEAN-MADE CARS IN IRELAND, DESPITE EMBASSY RESPONSE THAT THIS IS IRRELEVANT TO APPARENT VIOLATION OF GATT OBLIGATION EMBOIDED IN IRISH REFUSAL PERMIT NON-ASSEMBLER TO IMPORT.

4. ALTHOUGH IRISH NOTE DOES NOT SO STATE SPECIFICALLY, IRISH HAVE MADE CLEAR TO US THAT IT IS THEIR CONTENTION THAT LACK OF US OBJECTION TO THEIR 1968 NOTIFICATION AND THEIR 1970 STATEMENT CONSTITUTED ACQUIESCENCE IN THEIR ASSEMBLY/IMPORT ARRANGEMENT. WE HAVE STRONGLY ARGUED THAT OUR SILENCE AT THAT TIME IN NO WAY IMPLIED ACQUIESCENCE TO A CLEAR GATT VIOLATION.

5. NEXT STEP WOULD APPEAR TO BE SUBMISSION OF A NOTE TO GOI BY EMBASSY STATING THAT WE HAVE NOT ACQUIESCED IN GOI ARRANGEMENT, THAT WE THEREFORE REGARD IT AS A GATT VIOLATION WHICH GOI IS UNDER OBLIGATION TO RESCIND.
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BEFORE DOING SO, HOWEVER, WE WOULD APPRECIATE DEPT'S APPROVAL OF PROPOSED FURTHER APPROACH, AND OPINION AS TO WHETHER OUR CONTENTION THAT US SILENCE IN 1968 AND 1970 DID NOT RPT NOT CONSTITUTE ACQUIESCENCE. IN WEIGHGING NEXT STEP, DEPT MAY WISH TO TAKE TIMING INTO CONSIDERATION, SINCE WE ARE ALSO AT THIS MOMENT TRYING TO GET EC TO TAKE FORTHCOMING POSITION IN ARTICLE 24-6 NEGOTIATIONS AND TO MOVE FROM THERE INTO LARGER MULTILATERAL TRADE NEGOTIATIONS. SINCE IRISH POSITION RE MTN HAS NOT BEEN PARTICULARLY HELPFUL, WE SHOULD CONSIDER WHETHER IT IN USG'S BEST INTEREST OR NOT TO PIQUE THEIR SENSIBILITIES BY PUSHING HARD ON THIS POLITICALLY AND ECONOMICALLY SENSITIVE ISSUE AT THIS PARTICULAR TIME.
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